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COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON DC 20301-1100

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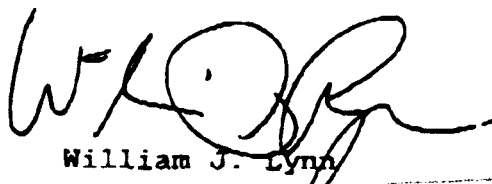


MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

Subject: Prevalidation Threshold

The DoD policy to prevalidate all new contracts over \$2,500 at DFAS-Columbus has resulted in a significant number of invoices that cannot be paid in a timely manner. These prevalidation delays on this significantly greater number of payments are caused by obligations not being recorded in accounting systems and by systems not being available to process prevalidation transactions.

To address these problems, effective immediately, I am directing you to raise temporarily the prevalidation threshold on invoices against contracts issued after October 1, 1996, to \$500,000. This interim threshold is to remain in effect for 90 days and applies only to the payments by the Mechanization of Contract Administration System at DFAS-Columbus. Effective March 22, 1999, you will lower the prevalidation threshold to its current value. In addition, you are to provide me with a monthly report showing progress in resolving the current prevalidation process delays.


William J. Lynn